

Message Text

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C O N F I D E N T I A L BUCHAREST 4539

E.O. 11652: GDS
TAGS: ETRD, CPRS, RO
SUBJECT: DECREE 223 PROPERTY CASES: MEETING WITH
FINANCE MINISTER

REF: BUCHAREST 3340

1. FINANCE MINISTER NICULESCU REQUESTED MEETING WITH
AMBASSADOR ON JUNE 28 TO DISCUSS DECREE 223 PROPERTY
CASES AND TO REPORT GOR DECISION TAKEN IN RESPONSE TO
AMBASSADOR'S LETTER OF MARCH 17. NICULESCU RECALLED
SUBSTANCE OF LAST CONVERSATION WITH AMBASSADOR ON THIS
ISSUE ON MAY 17, REITERATING GOR POSITION THAT DECREE
223 IS A GENERAL, NON-DISCRIMINATORY LAW APPLYING TO
ROMANIANS AND FOREIGNERS ALIKE. HE REITERATED THAT
GOR WISHED TO FIND SOLUTION TO PROPERTY CASES IN
KEEPING WITH SPIRIT OF GOOD RELATIONS BETWEEN THE TWO
COUNTRIES.

2. NICULESCU THEN SAID THAT GOR HAD DEVELOPED DECISION
WHICH IT VIEWED AS PROVIDING ADEQUATE SOLUTION TO
PROBLEM OF PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION.
STRESSING THAT SOLUTION INVOLVED EXCEPTION TO ROMANIAN
LAW, AND THEREFORE REQUIRED SENSITIVE AND CONFIDENTIAL
HANDLING BY ALL PARTIES, HE TACITLY SUGGESTED THAT
SINGLE LARGEST PRACTICAL PROBLEM REQUIRING SOLUTION
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IN THESE CASES IS IN ESTABLISHING JUST AND OBJECTIVE
VALUE FOR PROPERTIES TAKEN AND THUS A JUST AND FAIR
AMOUNT OF COMPENSATION. THE GOR DECISION IS THAT
VALUE OF PROPERTIES TAKEN UNDER DECREE 223 SHOULD BE
ESTABLISHED ON BASIS OF CURRENT PRICE IN EFFECT NOW
FOR IDENTICAL STRUCTURES (HOUSES AND APARTMENTS) BEING
CONSTRUCTED BY ROMANIAN CONSTRUCTION ENTERPRISES AND

BEING SOLD TO ROMANIAN PURCHASERS. FROM THIS VALUE
WOULD BE DEDUCTED DEPRECIATION.

3. NICULESCU SAID THAT MODALITIES FOR WORKING OUT
PRACTICAL SOLUTIONS IN INDIVIDUAL CASES, BASED ON GOR
DECISION REGARDING VALUE OF PROPERTIES TAKEN, SHOULD
BE DEVELOPED THROUGH GOR CONTACT WITH CLAIMANTS THROUGH
U.S. EMBASSY IN BUCHAREST OR ROMANIAN EMBASSY IN D.C.

4. AMBASSADOR SAID HE WOULD TRANSMIT NICULESCU'S
REMARKS AND GOR DECISION TO WASHINGTON FOR COMMENT.
USG COMMENTS ON INFORMATION PROVIDED BY NICULESCU,
GOR DECISION, AND HIS SUGGESTIONS CONCERNING MODALITIES
FOR CONTACTING CLAIMANTS WOULD BE PASSED TO FINANCE
MINISTRY AS SUCH COMMENTS AND CONVERSATIONS WERE
DEVELOPED. HE STRESSED THAT MINISTRY WOULD ALSO BE
RECEIVING ADDITIONAL CASES OF CLAIMS OF U.S.
NATIONALS AS FILES ON THOSE CLAIMS WERE DEVELOPED.
AMBASSADOR WELCOMED INFORMATION PROVIDED BY NICULESCU,
NOTING THAT IT WAS PARTICULARLY TIMELY GIVEN
UPCOMING SENATE HEARINGS ON MFN AND EXTENSION OF
TRADE AGREEMENT.

5. IN RESPONSE TO AMBASSADOR'S QUESTION REGARDING
APPLICATION OF GOR DECISION TO THREE PARTICULAR CASES
TAKEN UP IN LETTER OF MARCH 17, NICULESCU REPLIED
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THAT GOR HAS TRANSMITTED ITS DECISION TO JUDET AUTHOR-
ITIES AND THAT JUDET AUTHORITIES SHOULD BE ABLE TO
CALCULATE VALUE AND APPROPRIATE COMPENSATION WITHIN
FEW DAYS. HE SAID THAT HIS IMPRESSION IS THAT COM-
PENSATION OFFERED WILL BE HIGHER THAN OFFERS MADE
BY GOR TO DATE, BUT THAT COMPENSATION MOST LIKELY
WILL BE LESS THAN THAT REQUESTED BY CLAIMANTS. HE
STRESSED AGAIN THAT SINCE GOR WAS MAKING EXCEPTION
TO ITS LAW IN CASES INVOLVING US NATIONALS, WHOLE
ISSUE HAD TO BE MANAGED WITH GREATEST CONFIDENTIALITY. AMBASSADOR
SAID THAT HE UNDERSTOOD REQUIREMENT FOR CONFIDENTIALITY
AND THAT THIS POINT, WHICH WAS ALREADY WELL UNDERSTOOD IN
WASHINGTON, WOULD BE STRESSED ONCE AGAIN BY HIM IN HIS MESSAGE
TO WASHINGTON. NICULESCU CLOSED MEETING BY RECALLING
AMBASSADOR'S REMARKS REGARDING ADDITIONAL CASES WHICH
WILL BE FORWARDED TO MINISTRY. NICULESCU SAID THAT
THEY WILL BE EXAMINED SERIOUSLY. PARA 6 COMMENT: GOR
APPARENTLY HAS FOUND A LOOPHOLE PROVIDING POTENTIAL
MEANS FOR SATISFACTORY RESOLUTION OF LEGITIMATE
CLAIMS OF U.S. NATIONALS FOR COMPENSATION ABOVE AND
BEYOND MAXIMUM AMOUNTS ESTABLISHED IN DECREE 223.
WE ARE NOT IN POSITION TO JUDGE FAIRNESS OF FORMULA

FOR ARRIVING AT VALUATION OF PROPERTIES SEIZED AND
CONSEQUENT OFFERS OF COMPENSATION. JUDGMENT ON THAT
POINT MAY BE POSSIBLE ONCE GOR HAS MADE AND TRANS-
MITTED OFFERS TO CLAIMANTS. HOWEVER, IT IS IMPORTANT
THAT GOR HAS MADE DECISION TO BREACH ITS OWN LAW BY
AGREEING TO PRINCIPLE OF CONSIDERATION OF CLAIMS OF
MORE THAN 40,000 LEI. WE APPEAR TO HAVE MOVED BEYOND
EARLIER POSITION INVOLVING DEPUTY PRIME MINISTER
PATAN'S ASSURANCES ON THIS POINT OF PRINCIPLE.

7. EMBASSY RECOMMENDS THAT WE BE AUTHORIZED TO
WELCOME GOR DECISION IN PRINCIPLE. IT APPEARS POSSIBLE
THAT GOR MAY PRODUCE COMPENSATION OFFERS ON THREE CASES
INCLUDED IN AMBASSADOR'S MARCH 17 LETTER BEFORE SENATE
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HEARINGS ON JULY 12. THAT BEING CASE, EMBASSY WOULD
WELCOME DEPARTMENT'S VIEWS ON NICULESCU'S REMARKS
AND GOR DECISION BY COB JULY 7.
AGGREY

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